

FINAL BILL REPORT

SB 6036

PARTIAL VETO

C 6 L 02

Synopsis as Enacted

Brief Description: Repealing local motor vehicle taxes.

Sponsors: Senators Eide, Benton, Winsley, Oke, Long, Stevens, Johnson, Finkbeiner, Hale, Hochstatter, Carlson, Swecker, Rossi, Roach, T. Sheldon, Patterson and Kastama.

Senate Committee on Transportation

House Committee on Transportation

Background: Initiative 695 passed in November 1999, repealing the Motor Vehicle Excise Tax (MVET). RCW 35.58.273 (local excise tax for transit) was not among the 44 sections that I-695 expressly repealed.

In late 1999, the state Attorney General's Office concluded that I-695 impliedly repealed RCW 35.58.273 because of the close relationship between the collection of state MVET and the local excise tax (the local tax was applied as a credit against the MVET collected). Accordingly, as of January 1, 2000, state and local agencies did not collect the tax.

During the 2000 legislative session, SB 6865 passed the Legislature. SB 6865 repealed the MVET and imposed a \$30 license tab fee. It also repealed eight sections of the law; RCW 35.58.273 was not included among those sections.

On May 17, 2000, *ATU Legislative Council of Washington State and Washington State Transit Association v. State of Washington and 26 Counties and Their Auditors* was filed in Thurston County Superior Court. The lawsuit asked the court to declare that RCW 35.58.273 was not impliedly repealed by SB 6865.

In October 2000, the Washington State Supreme Court affirmed the King County Superior Court decision invalidating I-695.

On February 2, 2001, a Thurston County Superior Court judge ruled that SB 6865 did not impliedly repeal RCW 35.58.273. The court further ruled that the Department of Licensing, not the county auditors or the transit districts, has the primary obligation to collect the tax. The judge stayed the implementation of his decision pending the outcome of any appeal.

Summary: RCW 35.58.273 and all other statutes regarding the expenditure of money generated by that statute are repealed. The effect of the act is made retroactive to January 1, 2000.

Votes on Final Passage:

Senate 33 15

Effective: March 1, 2002

Partial Veto Summary: The intent section is vetoed in order to eliminate an apparent contradiction between the language of the intent section, which purports to eliminate all local vehicle excise taxes, and the bill, which eliminates vehicle excise taxes for public transportation benefit areas, but not vehicle excise taxes for other transit bodies.